

STATE OF WASHINGTON

MIKE KREIDLER
STATE INSURANCE COMMISSIONER

Phone: (360) 725-7000



OFFICE OF
INSURANCE COMMISSIONER

FILED

2004 JUL 20 P 2:49

DECLARATION OF MAILING

I declare under penalty of perjury
under the laws of the State of
Washington that on the date listed
below, I mailed or caused delivery
of a true copy of this document to

DATED this 20th day of July 2004
at Tumwater, Washington.

Signed: Victoria Meyer

Patricia D. Petersen
Chief Hearing Officer
(360) 725-7105

HEARINGS UNIT

Fax: (360) 664-2782

Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer
Wendy Galloway
Administrative Assistant
(360) 725-7002
wendyg@oic.wa.gov

July 20, 2004

Robert L. Seelig, Esq., Vice President and General Counsel
White Mountains Insurance Group, Ltd.
80 South Main Street
Hanover, New Hampshire 03755-2053

Randy Talbot, President and CEO
Safeco Life Insurance Company
P. O. Box 34690
Seattle, WA 98124

Melvin N. Sorensen, Esq.
Carney Badley Spellman, P.S.
700 Fifth Avenue, Ste. 5800
Seattle, WA 98104

James Ruddy, General Counsel
Safeco Corporation
Safeco Plaza
Seattle, WA 98185

SUBJECT: In the Matter of the Acquisition of Safeco Life Insurance Company and
Safeco National Life Insurance Company by Occum Acquisition Corp., White Mountains
Insurance Group, Ltd. and White Mountains RE Group, Ltd., Matter No. G 2004-66

Dear Parties and Counsel:

Attached please find a copy of Order Approving Acquisition of Control in the above
referenced matter, which I executed and caused to be filed today. As you know, at the
close of hearing yesterday, I orally approved the proposed acquisition of Safeco Life
Insurance Company and Safeco National Life Insurance Company based upon the
evidence presented at hearing. I appreciated the jointly proposed form of Order
Approving Acquisition of Control which you also presented at the close of hearing
yesterday, but needed to take the time to review and consider this document.

Mailing Address: P.O. Box 40255 • Olympia, WA 98504-0255
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501



After careful review of the jointly proposed Order Approving Acquisition of Control, I have determined that this document is accurate and complete. In particular, I find that the Findings of Facts cover all of the issues required by statute to be considered in a proceeding of this nature, and that they accurately represent the evidence presented at hearing through oral testimony, written testimony, affidavits and Exhibits 1 through 9 which were properly admitted therein. I also find that the Conclusions of Law are complete as required and are adequately based upon the Findings of Facts. For these reasons, I have concluded that it is not necessary to change this document in any way, and so have executed and filed it in the form in which it was submitted.

I appreciate your months of concerted effort given to this undertaking and the high level of skill and cooperation on the part of all parties, which combined to make this proceeding as thorough and efficient as possible.

Very truly yours,

A handwritten signature in dark ink, appearing to read "Patricia D. Petersen", with a long horizontal flourish extending to the right.

Patricia D. Petersen
Chief Hearing Officer
Presiding Officer

Cc: Mike Kreidler, Insurance Commissioner
Michael G. Watson, Chief Deputy Insurance Commissioner
James T. Odiorne, Deputy Commissioner, Company Supervision Division
James E. Tompkins, Asst. Deputy Commissioner, Company Supervision Division
E. Christina Beusch, Assistant Attorney General
Linda A. Dalton, Senior Assistant Attorney General



FILED

OFFICE OF
INSURANCE COMMISSIONER

2004 JUL 20 P 2:18

DECLARATION OF MAILING

I declare under penalty of perjury
under the laws of the State of
Washington that on the date listed
below, I mailed or caused delivery
of a true copy of this document to

DATED this 20th day of July, 2004
at Tumwater, Washington.

Signed: Victoria Meyer

Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

OFFICE OF THE INSURANCE COMMISSIONER
STATE OF WASHINGTON

In the Matter of the Acquisition of:

NO. G04-66

SAFECO LIFE INSURANCE
COMPANY and SAFECO
NATIONAL LIFE INSURANCE
COMPANY

ORDER APPROVING
ACQUISITION OF CONTROL

by OCCUM ACQUISITION
CORP., WHITE MOUNTAINS
INSURANCE GROUP, LTD. and
WHITE MOUNTAINS RE GROUP,
LTD.

TO: Melvin N. Sorensen, Esq.
Carney Badley Spellman, P.S.
700 Fifth Avenue, Ste. 5800
Seattle, WA 98104

James Ruddy
General Counsel
Safeco Corporation
Safeco Plaza
Seattle, WA 98185

Robert L. Seelig, Esq.
Vice President & General Counsel
White Mountains Insurance Group, Ltd.
80 South Main Street
Hanover, New Hampshire 03755-2053

Randy Talbot
President and CEO
Safeco Life Insurance Company
P.O. Box 34690
Seattle, WA 98124



1 **COPY TO:** Mike Kreidler, Insurance Commissioner
2 Michael G. Watson, Chief Deputy Insurance Commissioner
3 James T. Odiorne, Deputy Commissioner, Company Supervision Division
4 James E. Tompkins, Assistant Deputy Insurance Commissioner, Company
5 Supervision Division
6 Office of the Insurance Commissioner
7 P.O. Box 40255
8 Olympia, WA 98504-0255
9
10 E. Christina Beusch, Assistant Attorney General
11 Linda A. Dalton, Senior Assistant Attorney General
12 Government Compliance & Enforcement Division
13 Office of the Attorney General
14 P.O. Box 40100
15 Olympia, WA 98504-0100
16
17
18
19
20
21
22
23
24
25
26

10 I. INTRODUCTION

11 Pursuant to Chapter 48.04 RCW, Chapter 34.05 RCW, RCW 48.31B.015, and Chapter
12 284-18 WAC, and after notice to interested parties and persons (see notice detailed below), the
13 above-entitled matter came on regularly for hearing before the Insurance Commissioner of the
14 State of Washington, through his undersigned designee, commencing at 1:00 p.m. on July 19,
15 2004 in the Office of the Insurance Commissioner, 5000 Capitol Boulevard., Tumwater,
16 Washington 98501. All persons to be affected by the above-entitled matter were given the
17 right to be present at such hearing, during the presentation of testimony, and had reasonable
18 opportunity to inspect all documentary evidence, to examine witnesses and present oral and
19 written statements. The Office of the Insurance Commissioner Staff (OIC Staff) was
20 represented by E. Christina Beusch, Assistant Attorney General and Linda A. Dalton, Senior
21 Assistant Attorney General. The Applicants, Occum Acquisition Corp., White Mountains
22 Insurance Group, LTD., and White Mountains RE Group, LTD. (Applicants), were represented
23 by Melvin N. Sorensen, Attorney at Law. Safeco Corporation was represented by Jim Ruddy,
24 General Counsel of Safeco Corporation.
25
26

By filing Form A (which is the preacquisition notification and application for approval of this proposed acquisition) dated and filed with the OIC on April 9, 2004, the Applicants sought the Insurance Commissioner's approval of its proposed acquisition of control of Safeco Life Insurance Company and Safeco National Life Insurance Company, both Washington domiciled insurers. The Applicants propose to acquire control of Safeco Life Insurance Company and Safeco National Life Insurance Company by acquiring all of the issued and outstanding stock of Safeco Life Insurance Company through Occum Acquisition Corp.—a holding company formed for the transaction. Through the acquisition of all of the issued and outstanding stock of Safeco Life Insurance Company, Occum Acquisition Corp. will also acquire indirect ownership of 100% of the issued and outstanding capital stock of Safeco National Life Insurance Company. RCW 48.31B.015, part of the Washington Insurer Holding Company Act, requires that the Commissioner hold a public hearing to examine the evidence and determine whether the proposed acquisition of control of these Washington domestic insurance companies satisfies the applicable statutory criteria and should be approved. The requested effective date of the proposed acquisition of control is as soon as possible after the entry of the Order herein, but not later than July 31, 2004.

The undersigned Commissioner's designee, having considered the presentation of the parties including written and oral evidence presented at the hearing, and the documents on file herein, including the Form A Statement Regarding the Merger and Acquisition of Control of a Domestic Insurer dated and filed with the Commissioner on April 9, 2004 and the exhibits to the Form A, and the entire hearing file, makes the following findings of fact:

1. The hearing was duly and properly convened and all substantive and procedural requirements under the laws of the state of Washington have been satisfied.

1 2. Safeco Life Insurance Company and Safeco National Life Insurance Company are
2 active domestic Washington insurers. Safeco Life Insurance Company is a wholly owned
3 subsidiary of Safeco Corporation, the Seller in the transaction. Safeco National Life Insurance
4 Company is a wholly owned subsidiary of Safeco Life Insurance Company.

5 3. Occum Acquisition Corp. (Occum) is a holding company created by an investor group
6 comprised of White Mountains, Berkshire Hathaway, Franklin Mutual Advisors and others for
7 the purpose of effecting the acquisition of the acquired companies, including Safeco Life
8 Insurance Company and Safeco National Life Insurance Company.

9 4. If this proposed acquisition of control is approved, the result will be that Safeco Life
10 Insurance Company and Safeco National Life Insurance Company will no longer be owned or
11 controlled by the parent corporation, Safeco Corporation. Rather, the acquired companies will
12 be owned by Occum Acquisition Corp. and Occum's investors. Safeco Life Insurance
13 Company and Safeco National Life Insurance Company will remain active Washington
14 domiciled insurance companies and will continue to be subject to the jurisdiction of the
15 Washington State Insurance Commissioner.

16 5. It has been agreed by the ultimate controlling person of Safeco Life Insurance
17 Company and Safeco National Life Insurance Company that they be acquired by the
18 Applicants.

19 6. Occum Acquisition Corp., White Mountains Insurance Group, Ltd., and White
20 Mountains RE Group, Ltd. filed their Form A on April 9, 2004. The requested effective date
21 of this proposed acquisition of control or merger is as soon as possible after entry of the Order
22 herein, if approval is granted. As of the date of the hearing, said Form A contained the
23 information required by the Insurance Commissioner and by applicable statutes.

24 7. The disclaimer of affiliation by John J. Byrne provides a reasonable basis for
25 concluding that he will not control White Mountains.
26

1 8. The disclaimer of affiliation by Franklin Mutual of White Mountains provides a
2 reasonable basis for concluding that Franklin Mutual will not control White Mountains so long
3 as the voting restrictions in Bye-Law 47 of the White Mountains Articles of Incorporation
4 remain in place and Franklin Mutual continues to act as a passive investor in White Mountains.

5 9. The disclaimer of affiliation by Franklin Mutual of Occum provides a reasonable basis
6 for concluding that Franklin Mutual will not control Occum as long as no Franklin Mutual
7 representatives serve as a director or officer of Occum, Franklin Mutual obtains no contractual
8 power to direct the management or policies of Occum, Franklin Mutual does not materially
9 increase its ownership percentage of Occum, and Franklin Mutual to act as a passive investor
10 in Occum.

11 10. The disclaimer of affiliation by Berkshire Hathaway of White Mountains provides a
12 reasonable basis for concluding that Berkshire Hathaway will not control White Mountains so
13 long as the voting restrictions in Bye-Law 47 of the White Mountains Articles of Incorporation
14 remain in place, no Berkshire Hathaway representatives serve as a director or officer of White
15 Mountains, Berkshire Hathaway obtains no contractual power to direct the management or
16 policies of White Mountains, and Berkshire Hathaway continues to act as a passive investor in
17 White Mountains.

18 11. The disclaimer of affiliation by Berkshire Hathaway of Occum provides a reasonable
19 basis for concluding that Berkshire Hathaway will not control Occum as long as no Berkshire
20 Hathaway representatives serve as a director or officer of Occum, Berkshire Hathaway obtains
21 no contractual power to direct the management or policies of Occum, Berkshire Hathaway
22 does not materially increase its ownership percentage of Occum, and Berkshire Hathaway to
23 act as a passive investor in Occum.

24 **A. Safeco Life Insurance Company**
25
26

1 12. After the proposed acquisition of control, Safeco Life Insurance Company will continue
2 to be able to satisfy the requirements for the issuance of a license to write the line or lines of
3 insurance for which the company is presently licensed.

4 13. The effect of this proposed acquisition of control of Safeco Life Insurance Company
5 would not be substantially to lessen competition in insurance in this state or to create a
6 monopoly therein.

7 14. The financial condition of Occum Acquisition Corp., White Mountains Insurance
8 Group, Ltd., and White Mountains RE Group, Ltd. is not such as might, after completion of the
9 proposed acquisition, jeopardize the financial stability of Safeco Life Insurance Company or
10 prejudice the interests of Safeco Life Insurance Company policyholders.

11 15. After completion of this proposed acquisition, there are no plans to liquidate Safeco
12 Life Insurance Company, sell its assets, consolidate or merge it with any person, or make any
13 other material change in its business or corporate structures or management which are unfair
14 and unreasonable to policyholders of the insurer or not in the public interest.

15 16. It cannot be found that the competence, experience, and integrity of those persons who
16 would control the operation of Safeco Life Insurance Company after the proposed acquisition
17 are such that it would not be in the interest of the insurer's policyholders and of the public to
18 permit the acquisition of control.

19 17. It is not likely that this proposed acquisition of Safeco Life Insurance Company is
20 hazardous or prejudicial to the insurance-buying public.

21 **B. Safeco National Life Insurance Company**

22 18. After the proposed acquisition of control, Safeco National Life Insurance Company will
23 continue to be able to satisfy the requirements for the issuance of a license to write the line or
24 lines of insurance for which the company is presently licensed.

1 19. The effect of this proposed acquisition of control of Safeco National Life Insurance
2 Company would not be substantially to lessen competition in insurance in this state or to create
3 a monopoly therein.

4 20. The financial condition of Occum Acquisition Corp., White Mountains Insurance
5 Group, Ltd., and White Mountains RE Group, Ltd. is not such as might, after completion of the
6 proposed acquisition, jeopardize the financial stability of Safeco National Life Insurance
7 Company or prejudice the interests of Safeco National Life Insurance Company policyholders.

8 21. After completion of this proposed acquisition, there are no plans to liquidate Safeco
9 National Life Insurance Company, sell its assets, consolidate or merge it with any person, or
10 make any other material change in its business or corporate structures or management which
11 are unfair and unreasonable to policyholders of the insurer or not in the public interest.

12 22. It cannot be found that the competence, experience, and integrity of those persons who
13 would control the operation of Safeco National Life Insurance Company after the proposed
14 acquisition are such that it would not be in the interest of the insurer's policyholders and of the
15 public to permit the acquisition of control.

16 23. It is not likely that this proposed acquisition of Safeco National Life Insurance
17 Company is hazardous or prejudicial to the insurance-buying public.

18 24. The Notice of Hearing, which contains information concerning this proposed
19 acquisition and the public hearing thereon, was published in its entirety on the Washington
20 State Insurance Commissioner's website on July 13, 2004 and continuously from that time
21 until at least the date of the hearing herein. It was also published in the Puget Sound Business
22 Journal prior to the date of the hearing. This notice constitutes reasonable and adequate notice
23 to interested parties.

24 25. As indicated in the subject Notice of Hearing, all interested parties were given the
25 opportunity to submit any comments on, or objections to, this proposed acquisition to the
26 undersigned through July 19, 2004 by fax, U.S. Mail or personal delivery. All interested

1 parties were also advised in said Notice of Hearing that they would be given the opportunity to
2 present evidence at hearing and to examine and cross-examine witnesses and offer oral and
3 written arguments, and in connection therewith to conduct discovery proceedings. No
4 communications of any kind were received by the undersigned. Further, no objections were
5 received by the Insurance Commissioner. No reasonable objection to the proposed acquisition
6 of Safeco Life Insurance Company and Safeco National Life Insurance Company exists.

7 26. Witnesses appearing on behalf of the OIC Staff were James E. Tompkins, Assistant
8 Deputy Commissioner, Company Supervision Division, Office of the Insurance
9 Commissioner; Mr. Dana Rudmose of Rudmose & Noller Advisors, LLC, consultants to the
10 OIC for this matter; and Ms. Shaun Healy Clifford of Baker & Daniels, consultants to the OIC
11 for this matter. Mr. Tompkins, Mr. Rudmose and Ms. Clifford presented their testimony in a
12 detailed and credible manner.

13 27. Witnesses appearing on behalf of the Applicants were Robert Seelig, Vice President
14 and General Counsel of White Mountains Insurance Group, Ltd. and Roger Harbin, Executive
15 Vice President of Safeco Life Insurance Company. Mr. Seelig and Mr. Harbin each presented
16 testimony in a detailed and credible manner.

17 **IV. CONCLUSIONS OF LAW**

18 The undersigned designee of the Insurance Commissioner, having made the above
19 Findings of Fact, hereby makes the following Conclusions of Law:

20 1. Pursuant to Chapter 48.31B RCW, the Insurance Commissioner has jurisdiction over
21 the plan of acquisition and change of control of Safeco Life Insurance Company and Safeco
22 National Life Insurance Company.

23
24 2. On April 9, 2004, the Applicants filed the preacquisition notification, Form A also
25 dated April 9, 2004, which is a sufficient period before the requested effective date of this
26 proposed acquisition, as required by RCW 48.31B.015(1) and such preacquisition notification,

1 Form A, contains the information required by RCW 48.31B.015(2). The filing is determined
2 to be complete as of the date of hearing.

3 3. The disclaimer of affiliation by John J. Byrne is sufficient to conclude that he will not
4 control White Mountains.

5 4. The disclaimer of affiliation by Franklin Mutual is sufficient to conclude that that
6 Franklin Mutual will not control White Mountains so long as the voting restrictions in Bye-
7 Law 47 of the White Mountains Articles of Incorporation remain in place and Franklin Mutual
8 continues to act as a passive investor in White Mountains.

9 5. The disclaimer of affiliation by Franklin Mutual of Occum is sufficient to conclude that
10 Franklin Mutual will not control Occum as long as no Franklin Mutual representatives serve as
11 a director or officer of Occum, Franklin Mutual obtains no contractual power to direct the
12 management or policies of Occum, Franklin Mutual does not materially increase its ownership
13 percentage of Occum, and Franklin Mutual to act as a passive investor in Occum.

14 6. The disclaimer of affiliation by Berkshire Hathaway of White Mountains is sufficient to
15 conclude that Berkshire Hathaway will not control White Mountains so long as the voting
16 restrictions in Bye-Law 47 of the White Mountains Articles of Incorporation remain in place,
17 no Berkshire Hathaway representatives serve as a director or officer of White Mountains,
18 Berkshire Hathaway obtains no contractual power to direct the management or policies of
19 White Mountains, and Berkshire Hathaway continues to act as a passive investor in White
20 Mountains.

21 7. The disclaimer of affiliation by Berkshire Hathaway of Occum is sufficient to conclude
22 that Berkshire Hathaway will not control Occum as long as no Berkshire Hathaway
23 representatives serve as a director or officer of Occum, Berkshire Hathaway obtains no
24 contractual power to direct the management or policies of Occum, Berkshire Hathaway does
25 not materially increase its ownership percentage of Occum, and Berkshire Hathaway to act as a
26 passive investor in Occum.

1 **A. Safeco Life Insurance Company**

2 8. After the proposed change of control, Safeco Life Insurance Company will continue to
3 satisfy the requirements for a certificate of authority to write the lines of business for which the
4 company is presently licensed as contemplated by RCW 48.31B.015(4)(a)(i).

5 9. The proposed change in control of Safeco Life Insurance Company will not
6 substantially lessen competition in insurance in this state or tend to create a monopoly in this
7 state, as contemplated by RCW 48.31B(4)(a)(ii).

8 10. The Applicants' financial condition is such that the financial stability of Safeco Life
9 Insurance Company will not be jeopardized by the proposed acquisition, and the interests of
10 Safeco Life Insurance Company policyholders will not be prejudiced, as contemplated by
11 RCW 48.31B.015(4)(a)(iii).

12 11. After completion of the acquisition, the Applicants have no plans to liquidate Safeco
13 Life Insurance Company, sell its assets, consolidate or merge it with any person, or make any
14 other material changes in its business or corporate structures or management which are unfair
15 and unreasonable to policyholders of the insurer or not in the public interest, as contemplated
16 by RCW 48.31B.015(4)(a)(iv).

17 12. The competence, experience, and integrity of those persons who will control the
18 operation of Safeco Life Insurance Company are such that, should this proposed acquisition be
19 permitted, it would not be against the interest of the insurer's policyholders and of the public,
20 as contemplated by RCW 48.31B.015(4)(a)(v).

21 13. The Applicants' proposed acquisition of Safeco Life Insurance Company is not likely
22 to be hazardous or prejudicial to the insurance buying public, as contemplated by RCW
23 48.31B.015(4)(a)(vi).

24 14. The application of Occum Acquisition Corp., White Mountains Insurance Group, Ltd.,
25 and White Mountains RE Group, Ltd. for approval of their proposed acquisition of control of
26 Safeco Life Insurance Company should be approved.

B. Safeco National Life Insurance Company

15. After the proposed change of control, Safeco National Life Insurance Company will continue to satisfy the requirements for a certificate of authority to write the lines of business for which the company is presently licensed as contemplated by RCW 48.31B.015(4)(a)(i).

16. The proposed change in control of Safeco National Life Insurance Company will not substantially lessen competition in insurance in this state or tend to create a monopoly in this state, as contemplated by RCW 48.31B(4)(a)(ii).

17. The Applicants' financial condition is such that the financial stability of Safeco National Life Insurance Company will not be jeopardized by the proposed acquisition, and the interests of Safeco National Life Insurance Company policyholders will not be prejudiced, as contemplated by RCW 48.31B.015(4)(a)(iii).

18. After completion of the proposed acquisition, the Applicants have no plans to liquidate Safeco National Life Insurance Company, sell its assets, consolidate or merge it with any person, or make any other material changes in its business or corporate structures or management which are unfair and unreasonable to policyholders of the insurer or not in the public interest, as contemplated by RCW 48.31B.015(4)(a)(iv).

19. The competence, experience, and integrity of those persons who will control the operation of Safeco National Life Insurance Company are such that, should this proposed acquisition be permitted, it would not be against the interest of the insurer's policyholders and of the public, as contemplated by RCW 48.31B.015(4)(a)(v).

20. The Applicants' proposed acquisition of Safeco National Life Insurance Company is not likely to be hazardous or prejudicial to the insurance buying public, as contemplated by RCW 48.31B.015(4)(a)(vi).

21. The application of Occum Acquisition Corp., White Mountains Insurance Group, Ltd., and White Mountains RE Group, Ltd. for approval of their proposed acquisition of control of Safeco National Life Insurance Company should be approved.

22. Reasonable notice to interested parties has been given, and no objections exist.

23. The provisions of chapter 48.31B RCW, and specifically RCW 48.31B.015 governing approval of acquisition, have been met.

24. The Applicants' request for approval of the proposed acquisition of Safeco Life Insurance Company and Safeco National Life Insurance Company should be granted.

V. ORDER

Based on the Findings of Fact and Conclusions of Law, to the effect that the statutory criteria for approval of this proposed acquisition have been met, and to the effect that approval of this proposed acquisition should be granted, **IT IS HEREBY ORDERED,**

1. That, pursuant to Chapter 48.31.B RCW, Chapter 34.05 RCW, and the regulations applicable thereto, the Form A application of Occum Acquisition Corp., White Mountains Insurance Group, Ltd., and White Mountains RE Group, Ltd. for the Insurance Commissioner's approval of their proposed acquisition of Safeco Life Insurance Company and Safeco National Life Insurance Company, upon the terms included into evidence in this proceeding, is approved without conditions effective immediately.

2. That within 120 days after the closing of the Form A transaction, the Acquired Companies shall file a strategic plan including general initiatives, goals and future plans along with the procedures used to measure and monitor progress against the plan.

3. That, on a quarterly basis for 2004 and 2005, the Acquired Companies shall file with the Office of the Insurance Commissioner a summary of the utilization of the services under the Transition Services Agreements, including specific detail on plans and costs to separate all such services from Safeco Corporation with specific emphasis on information technology services;

1 4. That the Acquired Companies shall file with the Office of the Insurance
2 Commissioner an analysis of expected transition cost reductions and the effect of those cost
3 reductions on policyholder services including information on the domiciliary insurers' key
4 policyholder service benchmarks and goals along with the domiciliary insurers' progress
5 against those benchmarks and goals;

6 5. That Occum shall file with the Office of the Insurance Commissioner an annual
7 analysis of the debt service activity within Occum related to the revolving credit facility and a
8 summary of compliance with related debt covenants;

9 6. That the disclaimers of affiliation by John J. Byrne of White Mountains,
10 Franklin Mutual of White Mountains, Franklin Mutual of Occum, Berkshire Hathaway of
11 White Mountains, and Berkshire Hathaway of Occum are accepted as currently submitted.
12

13 7. That White Mountains shall report any amendment to the voting rights
14 restriction present in Bye-Law 47 of its Articles of Incorporation within 10 days of such
15 amendment.

16 8. That, following the completion of the transaction, if Franklin Mutual and
17 Berkshire Hathaway take actions inconsistent with their holding of White Mountains or Occum
18 shares as a passive investor as outlined in their Form A disclaimers of affiliation, then Franklin
19 Mutual and Berkshire Hathaway shall be required to file notice of such change in status and
20 receive approval as appropriate prior to any change.

21 9. That, following the completion of the transaction, if Franklin Mutual and
22 Berkshire Hathaway desire to have representatives serve as directors or officers of Occum or
23 obtain contractual power to direct the management or policies of Occum as outlined in their
24 Form A disclaimers of affiliation, then Franklin Mutual and Berkshire Hathaway shall be
25 required to file notice of change in status and receive approval as appropriate prior to any
26 change.

1 10. That, following the completion of the transaction, if Berkshire Hathaway desires
2 to have representatives serve as directors or officers of White Mountains or obtain contractual
3 power to direct the management or policies of White Mountains as outlined in their Form A
4 disclaimers of affiliation, then Berkshire Hathaway shall be required to file notice of change in
5 status and receive approval in accordance with the law.

6 11. That Franklin Mutual and Berkshire Hathaway shall notify the Office of the
7 Insurance Commissioner prior to any acquisition of Occum common stock other than the
8 execution of warrants above the amounts identified in the approved Form A.

9 12. Consummation of this transaction may occur at any time after the date of entry
10 of this Order provided that the parties have complied with all other statutes which govern this
11 transaction.

12 13. That, pursuant to RCW 48.31B.015(4)(c), the Applicants shall pay all
13 reasonable costs associated with these proceedings, including the costs associated with the
14 consultants hired by the Commissioner, within 30 days of the receipt of the invoices delivered
15 to the Applicants.

16 **ENTERED** at Tumwater, Washington, this 20th day of July, 2004.

17
18
19
20
21 
22 _____
23 PATRICIA D. PETERSEN
24 Chief Hearing Officer
25 Presiding Officer
26